




COUNCILMEMBER CARL DEMaIO

FIFTH DISTRICT
CITY OF SAN DIEGO

MEMORANDUM

DATE: August 9, 2010

TO: Mayor Jerry Sanders
City Council Members

FROM: Councilmember Carl DeMaio 

RE: Funding for Immediate Restoration of Brownd-Out Fire Stations

I am pleased to submit for your consideration the following plan and funding for restoring brownd-out fire stations.

I respectfully request that the following five actions be docketed at the first City Council meeting following legislative recess (Tuesday, September 7, 2010) to ensure that the fire stations identified in this proposal can be restored to full capacity no later than October 1, 2010.

Action 1: Budget Modifications to Achieve \$4.2 Million in FY 2011 Savings

- **Pension Payment Adjustment (\$3.1 Million)**

My office has recently been made aware of \$4 million in cost-savings in the FY 11 budget that are the direct result of implementation of a long-overdue pension reform (with approximately \$3.11 million attributable to the General Fund budget).¹

It has come to our attention that the City made a FY 2011 pension ARC payment to SDCERS of \$225.1 million -- \$4 million less than the revised ARC of \$229.1 million. It is our understanding that this "underpayment" was made in anticipation of the forthcoming correction of improperly subsidized Purchased Service Credits (PSCs). This correction is the result of the City prevailing in litigation against SDCERS at the Fourth District Court of Appeal in June.

¹ See Revised FY 2011 – 2015 Five Year Financial Outlook, Attachment 1, Footnote 1. April 19, 2010.

I am thrilled that pension reforms are paying significant dividends – thus allowing the restoration of important vital City services. As such, I request that the City Council amend the FY 2011 Appropriations Ordinance to transfer these savings from the pension payment to the Fire Department’s budget.

- **Reduce Mayoral-Council Budgets (\$1.2 Million)**

I believe that the Mayor and City Council must lead by example during tough budget times, and that public safety is a top priority. As a result, I suggest that funding for Mayoral and City Council political staff be reduced by 10% across the board to generate \$1.2 million in ongoing General Fund savings.

	FY 2011 GF Budget	10%
Community and Legislative Services	\$3,332,968	\$333,297
City Council Administration	\$1,738,838	\$173,884
City Council Districts	\$7,300,540	\$730,054
TOTAL	\$12,372,346	\$1,237,235

Action 2: Restoration of Four Priority Fire Stations Identified By Fire Chief (\$4.2 Million Cost)

Under the brown out plan, a total of \$11.5 million in annual cost savings were realized. It is my hope that this plan, particularly Actions 3, 4, and 5, will lay the groundwork for the long-term restoration of all of these stations. In the immediate term, however, I feel that action to restore four of the most critical stations is needed.

During a presentation to the City Council’s Public Safety and Neighborhood Services Committee (PS&NS) on April 7, 2010, the Fire Chief indicated that he had a significant concern with several areas that he felt were particularly “underserved.”

The Chief elaborated that, “If I could get three [reinstated units], I would put them in those communities where I am really having a hard time now.” The Chief identified Rancho Penasquitos, University City, Pacific Beach and Mira Mesa as the areas of greatest need.

Further, on June 30, 2010, the Fire Department provided PS&NS with a presentation indicating that restoring each browned out unit would cost \$1.4 million annually, a figure verified by the Independent Budget Analyst.²

² IBA Report 10-43, pg. 5.

The City Council should support the Fire Chief's determination and restore the four stations he identified in his testimony. Assuming the stations are re-opened no later than October 1, 2010 this would require a total increase in the Fire Department FY 2011 budget of \$4.2 million to cover the remainder of the Fiscal Year.

Action 3: Reform of Policy for Fire-Fighter Staffing and Overtime Management

Until a new pension plan can be put in place for newly hired firefighters on July 1, 2011, restoration of the browned out fire stations will require use of existing firefighters through overtime rates under the Fire Department's "Constant Staffing Policy." To keep overtime costs to the bare minimum, the Department should maximize use of Firefighter 1, 2, and 3 classifications where rates would be based on lower base salaries.

To this end, the City Council should instruct the Fire Department not to use higher-paid classifications for the overtime unless a personal sign-off from the Fire Chief is obtained. This approach will allow the restoration of these fire stations at the most efficient cost for taxpayers and provide lower-paid firefighters an opportunity to earn additional take-home pay.

Action 4: Immediately Commence Meet and Confer on New Pension Plan and Fringe Benefits for New Firefighter Hires

In order to ensure that the Fire Department continues to become more cost effective in its operations, the City Council should immediately instruct the City labor negotiating team to begin "Meet and Confer" on the following:

- A new pension plan for newly hired Firefighters that provides a level of cost savings at least equivalent if not greater than the new plan for police officers.
- The City should negotiate a 401k-style defined contribution plan for current hires to voluntarily switch to (subject to IRS determination).
- Reduction of annual leave. In light of the unique schedule worked by firefighters, the City should seek to reduce the amount of paid time off afforded to these employees.
- Examine modifications to specialty pay so that specialty pay is provided only to employees actually performing the applicable duties associated with the specialty pay.

Action 5: Request Analysis on Alternatives for Improving Fire Department Efficiency

The City Council should also request that the Fire Chief return to PS&NS with a cost-benefit analysis on several alternative staffing and response models. Some of the questions my office has received from the public include:

- Could savings be achieved through utilizing part-time firefighters from other departments to restore brown outs without overtime and with potentially lower fringe benefit costs?
- Are there other methods of equipment deployment that could result in efficiencies?
- Could the City rely more heavily upon ambulance services for medical calls as opposed to sending fully staffed fire equipment as a response?
- What resources are expended annually responding to medical calls associated with “frequent fliers” (e.g. the homeless population downtown)? Could alternative modes of service delivery in areas such as downtown alleviate pressure on fire stations that otherwise have to respond?
- What potential changes in shifts and scheduling exist in departments across the country that could produce cost savings compared to the current model?

The City Council should request that the Fire Chief return to PS&NS with a cost-benefit analysis on several alternative staffing and response models. The current policy for annual leave should be examined for additional efficiencies in light of potential changes to shift structures, while at the same time still providing firefighters with sufficient time off.

While my office is not suggesting any action on these questions, the City Council should explore answers to each as part of a thoughtful, comprehensive assessment of all of our options for improving the cost-effectiveness of the Fire Department. Answering these questions can also help to put to rest the assumptions that may be held by the public regarding whether or not the department is operating efficiently.

Public safety should be the top priority of any City government. There is no reason that the City of San Diego’s budget should not reflect this priority. In light of the recently revealed cost savings, the City Council should move forward with at least a partial restoration of key browned out stations, while at the same time reducing retirement costs and continuing to exercise due diligence in examining potential options for efficiencies in the Fire Department.

CC: Independent Budget Analyst

**SUMMARY OF PROPOSED BUDGETARY CHANGES TO RESTORE
FIRE STATIONS**

	\$ in millions
	Restore 4 Brownd Out Units
Annual Cost	5.6
Approximate 9 Month Cost	4.2
Approximate General Fund ARC Savings	(3.1)
City Council and Mayoral Budget Savings	(1.2)
9 Month Restoration Net Cost/(Savings)	(0.1)